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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/707,491

12/17/2003

Emerson P. Jones

17209-455

1490

54205 7590 05/13/2010  
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EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT

PAPER NUMBER

3695

NOTIFICATION DATE

DELIVERY MODE

05/13/2010

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

Patents@chadbourne.com

<b>Office Action Summary</b>	<b>Application No.</b> 10/707,491	<b>Applicant(s)</b> JONES ET AL.	
	<b>Examiner</b> SIEGFRIED E. CHENCINSKI	<b>Art Unit</b> 3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 11 February 2010.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 32 and 34-47 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 32, & 34-47 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)             | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                                    |

## DETAILED ACTION

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on February 11, 2010 has been entered.

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. **Claims 32-47 are rejected under 35 U.S.C. 112, second paragraph**, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

(a) Claim 32 has some ambiguous terms, for instance "adapted to be executed" (claims 32 and 47), "an issuer identifier identifying an issuer (of what?)", "populating data structures (first, second etc) with info (Are the data structures part of the claimed system? Are they part of the storage device? The storage device is claimed to store instructions (not the populated data). Is "the proposed unit comprising the forward transaction and the convertible note" part of the claimed system? Claims 33-47 are rejected because of their dependence on rejected claim 32.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

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invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**3. Claim 32 is rejected** under 35 U.S.C. 103(a) as being unpatentable over Galant (US Patent 6,839,686 B1) in view of Birle Jr. et al. (US PreGrant Publication 2003/0130941 A1, hereafter Birle).

**Re. Claim 32**, Galant discloses a unit pricing device comprising:

- a processor (Col. 4, ll. 42);
- a communication device in communication with said processor and coupled to receive information from one or more data sources (Col. 4, l. 50); and
- a storage device in communication with said processor and storing instructions adapted to be executed by said processor to (Col. 4, l. 39):
  - receive an issuer identifier identifying an issuer;
  - receive an equity security identifier of an equity security associated with the issuer identifier;
  - populate a first data structure with forward information, including a forward settlement date and a forward settlement price, describing a forward transaction that obligates a holder to purchase a number of shares of the equity security associated with the issuer at the forward settlement date for the forward settlement price;
  - populate a second data structure with convertible note information, including a convertible note maturity date, a convertible note interest rate, a conversion ratio, a convertible note issue price and a convertible note principal amount, describing a convertible note that is convertible to the equity security associated with the issuer according to a specified conversion formula;
  - populate a third data structure with financial information associated with the equity security identifier from a data source;

- populate a fourth data structure with financial information associated with the issuer identifier a data source; and
- calculate, based on data in the first data structure, data in the second data structure, data in the third data structure, and data in the fourth data structure pricing data associated with a proposed unit comprising the forward transaction and the convertible note.

Galant discloses debt and equity securities and structured securities (Col. 2, ll. 4, 19).

Galant does not explicitly disclose a settlement price, an issue price and related details of convertible instruments. However, it would have been obvious to the ordinary practitioner that Galant suggest calculating every kind of price related to financial securities, including debt and equity instruments. Galant also does not explicitly disclose a convertible note and related pricing such as an issue price. However, Birle discloses convertible notes. Further, with a device for pricing which includes a processor, a communications device and a storage device executable to perform calculations, the contents of the storage device are non-functional descriptive material. Also, the types and numbers of data structures used in the calculations are also non-functional descriptive material. The calculation function can calculate anything.

Further, Greene discloses a pricing device and a method for creating or developing, issuing, and servicing or maintaining convertible or exchangeable financial instruments (Abstract).

Green discloses the explicit computing steps of

- a communication device coupled to receive market information from at least a first market data source (Fig. 1); and
- a storage device in communication with said processor (Fig. 1) and storing instructions (inherent) adapted to be executed by said processor to:
  - receive data identifying terms of a proposed unit including data identifying terms of a forward contract involving an issuer and an equity security, and data identifying terms of a contingent convertible debt instrument involving said issuer and said equity security (Fig's 1-15);

- receive said market information from said market data source (Fig's 1-15);  
and
- generate, based on said market information and said terms of said  
proposed unit, pricing data associated with said proposed unit (Fig. 2-4).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of the invention to have combined the teachings of Gallant, Birle, and Green with the practitioner's own knowledge for the purpose of establishing a unit pricing device, motivated by the desire for an efficient, flexible and timely way to construct, test, evaluate and issue such financial instruments in rapidly changing market conditions (Green, [0008]-II. 15-19).

**4. Claims 34-47 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Galant in view of Birle as applied to claim 32 above, and further in view of Official Notice.

**Regarding dependent claims 34-47**, none of Gallant, Birle, and Green necessarily or explicitly disclose the details of the following limitations:

34. wherein the forward information further comprises a contract fee payable to the holder.

35, wherein the contract fee is payable in installments.

36, wherein the contract fee is specified as an annual contract payment rate paid quarterly.

37, wherein the contract fee is calculated as a percentage of the forward settlement price.

38, wherein the number of shares received by the holder as a result of the forward transaction is reduced if the value of the equity security increases.

39, wherein the convertible note interest rate is an accretion rate.

40, wherein the convertible note information further comprises conversion conditions identifying circumstances under which the convertible note may be converted.

41, wherein the convertible note information further comprises a remarketing date associated with a remarketing.

42, wherein a contingency event is associated with the convertible note.

43, wherein the convertible note information further comprises a number of warrants distributed if the contingency event occurs.

44, wherein the convertible note information further comprises information regarding an issuer call option associated with the convertible note.

45, wherein the conversion formula specifies an initial share price, an initial share conversion price, an initial share conversion premium, and a share conversion ratio.

46, further comprising instructions adapted to be executed by said processor to: retrieving financial information associated with previous issuers of convertible instruments; and

using the financial information associated with previous issuers of convertible instruments during generation of the pricing data associated with the proposed unit.

47, further comprising instructions adapted to be executed by said processor to issue the proposed unit.

**However, re. claims 34-47**, the examiner takes Official Notice that these limitations were well known in the art at the time of Applicant's invention.

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of the invention to have combined the teachings of Gallant, Birle, Green and Official Notice with the practitioner's own knowledge for the purpose of establishing a unit pricing device, motivated by the desire for an efficient, flexible and timely way to construct, test, evaluate and issue such financial instruments in rapidly changing market conditions (Green, [0008]-II. 15-19).

### ***Response to Arguments***

5. Applicant's arguments filed February 11, 2010 regarding claims 32 and 34-47 have been considered but are moot in view of the grounds of rejection.

### ***Conclusion***

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6. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is 571-272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Charles Kyle, can be reached on 571-272-6746.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair>.

Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). The following is a LINK to PRIVATE PAIR - <https://portal.uspto.gov/authenticate/AuthenticateUserLocalEPF.html>.

Any response to this action should be mailed to:

*Commissioner of Patents and Trademarks Washington D.C. 20231*  
or faxed to:

(571)273-8300 [Official communications; including After Final communications  
labeled "Box AF"]

or

(571) 273-6792 [Informal/Draft communications, labeled "PROPOSED" or  
"DRAFT"]

Hand delivered responses should be brought to the address found on the above USPTO web site in Alexandria, VA.

SEC

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March 24, 2010



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/Narayanswamy Subramanian/  
Primary Examiner, Art Unit 3695